

Appendix I of Bank Indonesia Circular Letter Number 11 / 31 / DPNP dated November 30, 2009

DATA UPDATING PLAN REPORT

PT. BANK ...

AS OF: ...

NO	TYPE OF CUSTOMERS AND RISK LEVEL	NUMBER OF ACCOUNT/ CIF		INFORMATION TO UPDATE **)	METHOD/ STRATEGY **)	TIME FRAME (%) *)		
		Account/CIF to update	percentage of Account/CIF to update			6 months ***)	9 months ***)	12 months ***)
1.	Individual Customers:							
	<i>a. High Risk</i>							
	<i>b. Medium Risk</i>							
	<i>c. Low Risk</i>							
2.	Corporate Customers:							
	a. Small scale enterprises:							
	<i>1) High Risk</i>							
	<i>2) Medium Risk</i>							
	<i>3) Low Risk</i>							

NO	TYPE OF CUSTOMERS AND RISK LEVEL	NUMBER OF ACCOUNT/ CIF		INFORMATION TO UPDATE **)	METHOD/ STRATEGY **)	TIME FRAME (%) *)		
		Account/CIF to update	percentage of Account/CIF to update			6 months ***)	9 months ***)	12 months ***)
	b. Non small scale enterprises:							
	1) <i>High Risk</i>							
	2) <i>Medium Risk</i>							
	3) <i>Low Risk</i>							
3.	Associations							
4.	Charities							
5.	<i>Cross Border Correspondent Banking</i>							

*) time determination as from the date of submission report to Bank Indonesia

***) available if the information more than one

***) timing target adjusted with the capability and condition of Bank

Appendix II of Bank Indonesia Circular Letter Number 11 / 31 / DPNP dated November 30, 2009

DATA UPDATING REALIZATION REPORT

PT. BANK ...

AS OF: ...

NO.	TYPE OF CUSTOMERS	PROGRESS			OBSTACLE	ATTEMPT IN REACHING THE TARGET
		Target	Realization	Deviation (%)		
1.	Individual Customers:					
	a. <i>High Risk</i>					
	b. <i>Medium Risk</i>					
	c. <i>Low Risk</i>					
2.	Corporate Customers:					
	a. Small scale enterprises:					
	1) <i>High Risk</i>					
	2) <i>Medium Risk</i>					
	3) <i>Low Risk</i>					
	b. Non small scale enterprises:					
	1) <i>High Risk</i>					
	2) <i>Medium Risk</i>					

NO.	TYPE OF CUSTOMERS	PROGRESS			OBSTACLE	ATTEMPT IN REACHING THE TARGET
		Target	Realization	Deviation (%)		
	3) <i>Low Risk</i>					
3.	Associations					
4.	Charities					
5.	<i>Cross Border Correspondent Banking</i>					

EXAMPLES OF SUSPICIOUS TRANSACTIONS (*RED FLAG*)

1. Transactions Which Do Not Make Economic Sense

- a. A Customer relationship with the bank where a Customer has a large number of accounts with the same bank, and has frequent transfers between different accounts or exaggeratedly high liquidity.
- b. Transactions in which assets are withdrawn immediately after being deposited, unless the Customers' business activities furnish a plausible reason for immediate withdrawal.
- c. Transactions that cannot be reconciled with the usual activities of the Customers, for example, the use of Letters of Credit and other methods of trade finance to move money between countries where such trade is not consistent with the Customer' usual business.
- d. Transactions of withdrawal or deposit in a large sum from Customers' account which previously a relatively inactive account or Customers' account that receive money in a large sum from abroad, without plausible reason, and which have no obvious relationship between Customers and Customers' activities.
- e. Provision of bank guarantees or indemnities as collateral for loans between third parties that are not in conformity with market conditions.
- f. *Back to back loans* without any identifiable and legally admissible purpose.
- g. Cash deposited at one location is withdrawn at another location almost immediately.

2. Transactions Involving Large Amounts of Cash

- a. Exchanging an unusually large amount of small-denominated notes for those of higher denomination.
- b. Purchasing or payment of foreign currencies in substantial amounts by cash settlement despite the Customers having an account with the bank.
- c. Frequent withdrawal of large amounts by means of cheque, including traveler's cheques.

Standard Guidelines for Implementation of Anti Money Laundering and Combating The Financing Terrorism Program for Commercial Bank

- d. Frequent withdrawal of large cash amounts that do not appear to be justified by the Customers' business activity.
- e. Large cash withdrawals from a previously dormant/inactive account, or from an account which has just received an unexpected large credit from abroad.
- f. Company transactions, both deposits and withdrawals, that are denominated by unusually large amounts of cash, which usually conducted by commercial operation, e.g. cheques, letters of credits, bill of exchange, but in this time using cash.
- g. Depositing cash by means of numerous credit slips by a Customer such that the amount of each deposit is not substantial, but the total of which is substantial.
- h. Depositing cash to cover requests for banker's drafts, money transfers or other marketable money instruments.
- i. Customer whose deposits contain counterfeit notes or forged instruments.
- j. Large cash deposits using Automatic Teller Machine facilities, thereby avoiding direct contact with the bank.
- k. Customers making large and frequent cash deposits but cheques drawn on the accounts are mostly to the third party which not normally associated with their business.
- l. Customers who together, and simultaneously, use separate tellers to conduct large cash transactions or foreign exchange transactions.
- m. A large amount of cash is withdrawn and immediately deposited into another account.

3. Transactions Involving Bank Accounts

- a. Maintenance of several accounts in the names of other parties in a manner inappropriate to the business activities of the Customers.
- b. Cash deposit in small amounts into several accounts held by the Customers at the bank with the effect that the total deposit is in a very large amount.
- c. Deposit and/or withdrawal in large sums from an individual or company account inappropriate or unrelated to the business of the Customers.
- d. Provision of information that is hard to prove or for which establishment of proof incurs very high costs for the bank.

Standard Guidelines for Implementation of Anti Money Laundering and Combating The Financing Terrorism Program for Commercial Bank

- e. Payment made from a Customer account after a cash deposit into the account on the same or preceding day.
- f. Large withdrawal from a previously inactive Customers account or from a Customer account that received a large deposit from overseas.
- g. A party representing a company consistently avoids face to face meetings with Bank officers.
- h. Large increase in deposits in cash or negotiable instruments by a company using an account of the company's client, especially when the deposits are transferred directly between other client accounts.
- i. Refusal of a Customer to furnish additional documents or important information that if furnished would enable the Customers to qualify for a credit facility or other banking services.
- j. Refusal by a Customer of customary banking services, such as refusal to be paid a higher rate of interest on a certain balance.
- k. Paying with cheques in large amount to the third party that conducted by huge Customers.
- l. An account opened in the name of a money changer that receives structured deposits.
- m. An account operated in the name of an offshore company with structured movement funds.
- n. Frequent deposits of a company's cheques into an employee's account.
- o. Transfer of funds from a company's account to an employee's account and vice versa.

4. Transactions Involving Transfers Abroad

- a. Introduction of a Customer by an overseas branch office, affiliated company, or other bank in a country known as a place for production or trafficking of narcotics.
- b. Use of Letters of Credit (L/C) and other instruments of international trade to transfer funds between countries, in which the commercial transaction is inappropriate to the business activities of the Customers.

Standard Guidelines for Implementation of Anti Money Laundering and Combating The Financing Terrorism Program for Commercial Bank

- c. Receipt or remittance of transfers in large amounts by a Customers to or from a country known to be linked with the production, processing, and/or marketing of illegal drugs or terrorist activities.
- d. Accumulation of a large balance inappropriate to the characteristics of business turnover of the Customers that is subsequently transferred to another country.
- e. Electronic transfer by a Customer without adequate explanation or without using an account.
- f. Frequent applications for traveler's cheques, foreign currency drafts, or other negotiable instruments.
- g. Frequent payments with traveler's cheques or drafts in foreign currencies, especially issued by another country.
- h. Customers do not have account in the bank, and Customers can not give an adequate explanation when conduct transfer activity in large amount to abroad,.
- i. A Customer who appears to have accounts with several banks in the same locality, especially when the bank is aware of a regular consolidated process from such accounts prior to a request for onward transmission of the funds elsewhere.
- j. Repeated transfers of money abroad accompanied by cash deposit.
- k. Substantial increase in cash deposits by a Customer without apparent cause, especially if such deposits are subsequently transferred within a short period out of the account and/or to a destination not normally associated with the Customers.
- l. Financial statement which provided by Customers not consistent with the Customers' business turn over, then subsequent transfer to account(s) held overseas.
- m. Cash deposit to an account that conducted by some people without an adequate explanation.
- n. Person or company transfers money to another's in foreign jurisdiction, and the last account receiver is account owned by person or company that conduct transfer for the first time, both wholly or partly (*" U Turn " transaction*).

5. Transactions Related with Investments

- a. Purchasing of securities to be held by the bank in safe custody, where this does not appear appropriate given the Customers' financial capability.

Standard Guidelines for Implementation of Anti Money Laundering and Combating The Financing Terrorism Program for Commercial Bank

- b. Back to back deposit/loan transactions between a Bank and a subsidiary, affiliated company, or banking institution in another country known as a place for trafficking in narcotics.
- c. Requests by a Customer for investment management services where the source of funds is unclear or not consistent with the Customers' reputation for financial capability.
- d. Transaction of securities in large cash that not suitable with the transaction profile.
- e. Buying and selling of a security with no discernible purpose or in circumstances which appear unusual.
- f. Large transfers of securities to non related accounts.
- g. Transactions with an unknown counterparty or with unusual characteristics, amounts, and frequency of transactions.
- h. Investor introduced by a bank in another country, affiliated company, or other investor from a country generally known as a place of production or trafficking of narcotics.

6. Transactions Involving Unidentified Parties

- a. Provision of collateral by way of pledge or guarantee without any discernible plausible reason by third party unknown to the bank and who have no identifiable close relationship with the Customers.
- b. Payment orders with inaccurate information concerning the person placing the orders.
- c. Holding in trust of shares in an unlisted company whose activities cannot be ascertained by the bank.

7. Transactions Related with Customers Behavior

- a. Use of multiple names to conduct similar transactions.
- b. Funds transferred to overseas charity.
- c. Multiple transactions of a similar nature on the same day in different locations.
- d. Third party present for all transactions but does not participate in the actual transaction.
- e. Customers insists the transaction be completed quickly.

Standard Guidelines for Implementation of Anti Money Laundering and Combating The Financing Terrorism Program for Commercial Bank

- f. Transactions are conducted via telephone or facsimile or internet (non face to face).
- g. Transfers of large sums of money to or from overseas locations with instructions for payment in cash.
- h. Customers arrive at premises as a group but ignore each other and conduct separate transactions once inside.
- i. Large amounts of cash from unexplained sources or not consistent with Customers' financial standing.
- j. Customers has unusual knowledge of reporting obligations or internal controls and processes.
- k. Customers gives conflicting information to different staff members.
- l. Customers details are vague or difficult to verify.
- m. Customers has unusual desire for anonymity or discretion in their affair.
- n. Customers is secretive and avoids meeting in person.
- o. Customers over justifies or explains the transaction.
- p. Defensive stance taken to questioning by staff.
- q. Inappropriate or unusual questioning of staff by Customers.
- r. Customers is hurried, nervous or evasive.
- s. Information provided by Customers contradicts information gathered from other sources.
- t. Customers uses large number of similar addresses.
- u. Information about name, address, or date of birth not consistent.
- v. Customers refuse giving the explanation or trying to hide informations by changing the topic to other topic which don't related with the transaction. (huge transaction that conducted by Customers periodically).
- w. When bank's officer clarify Customers' information, Customers answer the question with emotion, by saying that they are such a famous person or they have close relationship with officials in selected area.
- x. Customers' pattern transaction is unusual, for example Customers usually conduct the transaction via courier, but suddenly changed into written instruction.
- y. Customers' pattern transaction which usually never or seldom conducted by cash, changed into significant amount of cash.

- z. Customers is announced by media that they involved in criminal (corruption, illegal logging, etc), thus it is indicated that their deposit comes from such an activity.
- aa. Customers gives a non sense explanation about large cash deposit. For example, Customers said that the money is the result of selling the land for high way construction. Usually such kind of transactions conducted by transferring the money from clearly institution/agent to Customers' account.

8. Suspected Illegal Activity

- a. Customers is known, from media articles, to be allegedly involved in illegal activity.
- b. Incoming International Funds Transfer Instruction (IIFTI) is from a known tax haven or terrorism finance jurisdiction.

9. Suspicious Transaction Involving Bank Employees and/or Agents

- a. Large increase in wealth of a Bank employee or agent without adequate explanation.
- b. Transaction dealings through an agent without adequate information on the ultimate beneficiary.

10. Suspicious Transaction Conducted through Lending and Borrowing

- a. Sudden, unexpected settlement of a problem loan.
- b. Application for loan facility against collateral in which the collateralized assets are of uncertain origin or inappropriate to the reputation and financial standing of the Customers.
- c. Application of the Customers to the bank for a financing facility in which the portion of the Customers' own funds in the facility is of uncertain origin, particularly if pertaining to property.

11. Transaction Related with the Proceed of Forestry Crimes

- a. Placement of funds from selling timbers obtained illegally involving frauds and bribery.

- b. Layering funds from selling timbers obtained illegally involving frauds and bribery through wire transfer or book-entry settlement.
- c. Development of oil palm plantation with funds from selling timbers obtained illegally involving frauds and bribery.
- d. Placement of funds from selling oil palm grown in land (forest land) obtained illegally involving frauds and bribery.

12. Other Types of Transactions

- a. Purchase or sale of large amounts of precious metals by an interim Customers.
- b. Purchase of bank cheques on a large scale by an interim Customers.
- c. Extensive or increased use of safe deposit facilities that do not appear to be justified by the Customers' personal or business activities.
- d. Account activity is not commensurate with the Customers' known profile (e.g. age, occupation, income).
- e. Frequent changes to the address or authorized signatories.
- f. A large amount of funds is received and immediately used as collateral for banking facilities.
- g. When a young person (aged about 17-26) opens an account and either withdraws or transfers the funds within a short period, which could be indication of terrorist financing.
- h. When a person receive funds from a religious or charitable organization and utilize the funds for purchase of assets or transfers out the funds within a relatively short period.
- i. Customers or WIC insist do not want to give information and document which are required by the bank, but Customers only give minimum information, and/or to give information which is not suitable with supporting document.

GLOSSARY

Bank Draft : payment instrument issued in foreign exchange by the bank in Indonesia that may be withdrawn in cash to the bank in other jurisdiction.

Bank Notes : type of this service is vulnerable with money laundering action due to bank notes are accepted in almost types of businesses and locations.

Beneficial Owner : the natural person (s) who ultimately owns account in the Bank; controls a Customer and/or the person on whose behalf a transaction is being conducted; controls legal person and transaction that conducted by those persons who exercise ultimate effective control over a legal person or arrangement.

Correspondent Banking : the provision of banking services by one bank (the correspondent bank) to another bank (the respondent bank) in order to provide payment service and other services to the respondent bank.

Credit : providing facility of funds or claims that may be equivalent based on an agreement on credit between the bank and other party that requires the debtor to pay a loan within certain time of period agreed associated with its interest/profit sharing.

Credit Card : see "credit".

Cross Border Correspondent Banking: if one of Bank (respondent Bank or correspondent Bank) in Indonesia provides correspondent banking to other Bank that is operating outside Indonesia.

Cuckoo Smurfing : a form of money laundering linked to alternative remittance systems in which criminal funds are transferred through the accounts of unwitting persons who are expecting genuine funds or payments from overseas. The term cuckoo smurfing first originated in investigation in the UK where it is a significant money laundering technique.

Custodian : trust services and registry of commercial papers that have been traded in the capital market possessed by individuals or companies both domestic and international. Custodian Bank shall act for and on behalf of a customer in conducting management for the interest of customer, such as dividend acceptance, new shares transactions offered by a company limitedly (right issue), acceptance of

shares' bonus, share registration on behalf of buyers to be registered as shareholders, registration on modification due to shares ownership separation, and deposit and acceptance of bonds both from/to brokers and other custodians.

Customer Due Diligence : the activities in the form of identification, verification, and monitoring performed by Banks to ensure that transactions correspond to customer's profile. Due diligence includes not only establishing the identity of Customers, but also monitoring account activity to determine those transactions that do not conform with the normal or expected transactions for that Customer or type of account. CDD is a main tool for financial sector (especially for banking sector) to prevent them from being used, intentionally or unintentionally, as a media for conducting money laundering or financing terrorism, by criminal elements. Creativity and more methods that are sophisticated used by criminals to launder the money pose bank to increase a detection system on transaction and person who is conducting those transaction.

Electronic Banking : banking transactions conducted electronically, for example ATM, on line transaction, phone banking, and cash management.

Enhance Due Dilligence (EDD) : A more comprehensive CDD performed by bank while engaging high risk Customers, including that of a *Politically Exposed Person*, with respect to the probability of money laundering and/or financing of terrorism.

Financial Action Task Force (FATF) : The FATF was chartered in 1989 by the G-7 to foster establishment of national and global measures to combat money laundering in banking system by issuing a comprehensive anti money laundering standard (40 FATF's Recommendations which had been revised in 1996 and 2003). In October 2001 there was 8 Special Recommendations about The Financing of Terrorism had been adopted, and in October 2004 there was 9 Special Recommendations about The Cash Couriers had been adopted.

Front Liner/Officer : bank staff dealing directly with Customers in need of banking services, such as teller and customer service.

Natural Forest Concession (HPH) : IUPHHK/HA (HPH) is a timber business license given to a company for managing natural forest for 20-25 years. HPH holders can only cut selected timber (with diameter 50 cm and up) and apply a silviculture system called Selected Cutting Indonesia Planting (TPTI). If they follow this TPTI regulation, natural forests should still be well-managed forests and not a forest without trees.

High Risk Countries : countries classified as high risk in regard to issues of money laundering or terrorism financing, among others by reason of failure to apply FATF's Recommendation.

High Risk Customers : customers classified at high risk of having involvement as perpetrator/accomplice in money laundering activities because of either their jobs, positions, kind of banking services they used, or kind of their business.

High Risk Product : banking products that very well known to be used by money launderer.

High Risk Service : banking services that very well known to be used by money launderer.

Industrial Plantation Forest (HTI), IUPHHK/HT (HTI) is similar to HPH (IUPHHK/HA) but it is given in deforested or degraded forest zone. HTI holders are required to plant fast growing trees of 6 to 10 year cycle. When timbers are matured in 6 years they will harvest and the license holders must replant them. It is a cultivation forest not a natural forest. In many cases, they clear natural forest first before planting fast growing trees such as acacia mangium.

Internet Banking : services offered to customers in engaging banking transactions thru computer using internet.

Timber Utilization Permit (IPK) : This license is given by the provincial governor after having approval from Minister of Forestry to company converting forest zone to other use land areas or borrowing forest zone for coal mining exploitation.

Joint Account : account held collectively by two or more customers having the same rights and obligations in respect of the account.

Legal Risk : risk arising from legal or juridical weaknesses. These include but are not limited to weaknesses arising from legal claims, absence of legal and regulatory framework, or weaknesses in contractual commitments, such as failure to comply with terms and conditions of contracts and inadequate binding of collateral.

Letter of Credit : a credit instrument issued by a bank that guarantees payments on behalf of its Customer to a third party when certain conditions are met. L/Cs are commonly used to finance export. Exporters want assurance that banks as the ultimate buyer of its good will make payment, and this is given by the buyer's purchase of a bank letter of credit.

Major Credit Card : credit card actively by a Customer for conducting transactions.

Money Laundering: an act of placing, transferring, disbursing, spending, donating, contributing, entrusting, taking out of the country, exchanging or other such acts related to, assets known or reasonably suspected by a person to constitute proceeds of crime, for the purpose of concealing or disguising the origins of assets as if such assets shall be legitimate.

Operational Risk : risk that a bank may be unable to conduct normal operations because inadequacy or dysfunction of internal control structures, human error, breakdown in

Standard Guidelines for Implementation of Anti Money Laundering and Combating The Financing Terrorism Program for Commercial Bank

the management information and communications systems, uncertainty of regulations, weaknesses in the construct structure, external problems, or any event of the nature of force majeure, such as natural disaster, fire, etc.

Payable Through Account : correspondent accounts that are used directly by third parties to transact business on their own . Those services give criminals a chance to conceal their identities in view of they get permission from bank where the account was opened to withdraw cheques from correspondent bank account. Since Customers can use correspondent account directly then those transactions only involve both respondent bank and correspondent bank, without involving transaction agent as a customer of respondent bank. Therefore, *Payable Through Accounts* are vulnerable on money laundering or financing terrorism might occur.

Politically Exposed Person : individuals who are or have been entrusted with prominent public functions either in domestically or internationally, for example Heads of State or of government as referred to in laws and regulations that governs State Official, and/or senior politicians that has influence o the party's policies and operations, whether an Indonesian national or a foreign national.

Private Banking : special services provided by the bank to certain customers (prime customers), thru premier services and interest rate/dividend and multi-product services to offer greater benefits to such customers and knowledge on risk of investment that might be occurred. Services or products of private banking other than conventional banking products shall also include personal finance management involving a bank officer as a financial analyst, economist, treasury and product specialist in providing optimal advises as well as conducting fund management to other jurisdiction that cannot be accommodated by the bank domestically such as trust fund. In addition, it also offers a series of financial products that are "tailor made" based on needs of a customer such as insurance, foreign exchange trading, derivative, equity trading, bond trading, etc. Supervision against private banking needs special attention considering its potential investments involved that influence a decision of the bank, so that it is possible that illicit money enters into the bank.

Mutual Fund (Reksadana) : a product in collecting funds from public investors thru the Investment Manager in forms of commercial papers and money markets.

Annual Logging Permit (RKT) : It is an annual logging permit issued by the Provincial government to companies holding IUPHHK/HA, IUPHHK-HT, and IPK. With this permit, they can cut trees only in location, in type of trees, and in volume agreed by RKT. It will be issued according to RKU.

General Forest Planning (RKU) : Holders of timber utilization license (IUPHHK) must

prepare a work plan for 20 years throughout its concession period. There are two types of RKU, one for natural forest license (IUPHHK/HA) and one for industrial timber plantation (IUPHHK/HTI)

Reputational Risk : risk arising among others from negative publicity related to the line of business of the bank or negative perceptions of the bank

Safe Deposit Box : service offered by the bank by providing safe deposit boxes for maintaining goods or commercial papers.

Shell Banks : any bank without a physical presence in the country in which the bank is established and licensed, and not affiliated with a financial services group effectively subject to consolidated supervision.

Single Customers Identification File: Customer's data profile encompass all of accounts (saving, deposit, current account, credit) which owned by Customer in one Bank.

Smurfing : illegal act of using multiple individuals for making cash deposits or withdrawals in amounts under the reporting threshold.

Tax Haven Country/Territory: a country or territory where certain taxes are levied at a low rate or not at all. The following general criteria are 1) nil or nominal taxes, 2) lack of effective exchange of tax information with foreign tax authorities, 3) lack of transparency in the operation of legislative, legal or administrative provisions, 4) no requirement for a substantive local presence, 5) self-promotion as an offshore financial center, 6) small countries or territories that having a good politic and economy situation and supporting by well developed infrastructure.

Terrorist List: the list of terrorist agents listed on United Nation Security Council's Resolution 1267.

U Turn: the attempts to hide or conceal the origins of assets derived from criminal act by transferring back the assets to the origin account after making multiply transactions.

Walk in Customers : for whom the bank undertakes or intends to undertake any transaction without an account being opened (non-account holder) excluding an individual where he/she is authorized to act for or on behalf of the account holder in relation to a designated transaction. Bank services in this matter is not only covers transaction in the form of deposit, withdrawal, and transfer, but also covers other services offered by Bank e.i bank guarantee, discounted bill of exchange, etc.